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THE AGRICULTURAL SITUATION

A Brief Summary of Economic Conditions

ISSUED MONTHLY BY THE BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

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LIVESTOCK SITUATION FAVORABLE—CASH CROPS UNCERTAIN

The overshadowing development of last year was the severe slump in prices of certain cash crops, notably cotton, grain, and fruit. Offsetting this has been the continued strong position maintained by the livestock industries. Out of this general situation agriculture enters the new season with an outlook at least as good as a year ago. If effective readjustment is made in acreages of cotton and certain other cash crops, and if the growing season proves fairly normal, it is possible for conditions to materially improve this year.

Cotton is the country's greatest money crop. The probable carry over of cotton from present supplies is likely to be at least eight and one-half to nine million bales. Unless there is a drastic cut in acreage or a near crop failure, cotton supplies will indeed be heavy next fall. While recognizing the difficulty of substituting alternative crops, there seems to be general agreement that the South would profit by curtailing cotton acreage, even up to 30 per cent reduction. With respect to this problem of readjusting supply to demand, cotton is in a class by itself.

There are about 41,000,000 acres of winter wheat in ground, or 5 per cent more than a year ago, the increase in hard red winter States being $6\frac{1}{2}$ per cent. Any substantial increase in spring wheat acreage would be apt to put all hard wheat on an export basis next fall.

Farmers report an intention to considerably increase the potato acreage (about 13 per cent). Following the past two years of short crop and high prices there is a strong probability that the reaction this spring will swing toward the planting of an excessive acreage.

The total production of all fruits and melons last year was close to 15,000,000 tons, or a fourth greater than in 1925. The production of fruit per capita was probably the highest in a generation. There is little reason to expect a repetition this season of the remarkable weather and growing conditions that made fruit so cheap last year.

The outlook for livestock producers still appears favorable. The Corn Belt pig crop of last year was apparently not more than 1 per cent larger than in 1925; the probability is that market supplies of hogs this year will not exceed last and that prices during 1927 will be maintained near the 1926 level. The number of cattle and calves in the country is at the lowest point in many years, with a likelihood of fewer head marketed this year than last and a price level well sustained. The number of dairy cows has also declined slightly within the year, market demand continues good and feed is relatively cheap.

Sheep producers have expanded their flocks considerably; lamb supplies for 1927 may be slightly larger than in 1926, but the market outlook for both lambs and wool appears fairly good. Poultry flocks have also been expanding, but the general outlook is still reasonably good for efficient producers.

KEY REGIONS AT A GLANCE

The East.—Busy with ice harvest, wood cutting, and general routine of chores and indoor work. Had some severe cold waves during month, alternating with "January thaw." Very little frost in ground, so that thaws, where occurring, have left land soft and country roads extremely bad. Dairy industry doing fairly well this winter, but returns from most cash crops marketed have been disappointing.

The South.—Winter truck doing well, though tender crops in southeast suffered somewhat from frost the middle of last month. Truck and fruit shipments from Rio Grande Valley more than double same period last year. Plowing and some planting of spring crops in progress. Some cotton still in fields in west. General sentiment for reduction of cotton acreage this spring.

Corn Belt.—Busy in barns and feed lots. Too cold much of time for corn husking, but shelling and marketing going forward. Winter grains apparently in good condition for most part. Reports as of January 1 indicated 7 per cent fewer cattle on feed than last year. Hog situation generally regarded as favorable for coming year.

Wheat Belt.—Winter wheat condition thought to be fair. Snow cover lacking part of time in Kansas and Nebraska; plant frozen to ground or not up yet in much of western Kansas. Wheat growing in south where not ice covered and furnishing considerable pasture. Winter grain in north has had fairly good snow cover during severely cold weather. Outdoor work generally at standstill.

Range Country.—Cold in north most of month with ranges snow covered for most part. Snow cover will improve desert ranges for sheep. Feeding of livestock quite general. Some losses of stock during storms in Colorado and northward, but condition generally good and stock have withstood winter well. Ranges open in south and fairly good but more moisture needed in some areas.

Pacific Coast.—Some very severe weather in north during last month. Wheat was mostly under snow cover but probability of damage resulting to fruits and berries. Cold necessitated considerable feeding of livestock; very unfavorable for early lambs. Conditions generally good in California; farm work progressing well; truck crops in good shape; orange picking rapid in south; cotton harvest completed in Imperial Valley.

TREND OF LIVESTOCK PRODUCTION

The following shows the number of farm animals in the United States according to the estimate made as of January 1 each year. (Issued February 1, 1927, by Crop Reporting Board.)

Figures given in terms of thousands, last three ciphers being omitted:

Figures given in terms of thousands, last three ciphers being omitted:

	1920	1921	1922	1923	1924	1925	1926	1927
Horses.....	19, 845	19, 125	18, 546	17, 943	17, 222	16, 489	15, 840	12, 279
Mules.....	5, 470	5, 574	5, 626	5, 696	5, 720	5, 725	5, 733	5, 734
All cattle.....	68, 835	67, 174	67, 264	66, 156	64, 507	61, 996	59, 148	57, 521
Milk cows ¹ ..	21, 230	21, 239	21, 665	21, 840	22, 161	22, 481	22, 148	21, 824
Swine.....	59, 813	58, 328	58, 100	68, 189	64, 950	55, 568	52, 055	52, 536
Sheep ²	39, 025	37, 452	36, 329	37, 223	38, 300	38, 112	39, 864	41, 909

¹ Cows and heifers 2 years and over kept for milk.

² Revised.

The total number of horses and mules on farms have decreased about 17 per cent since 1920, while the ratio of all colts per thousand horses and mules has decreased from 132 in 1920 to probably about 65 at present. Without colts and horses to replace our present number of work animals the number will fall off rapidly, probably 30 or 40 per cent within the next 5 or 6 years.

There has been little increase in number of dairy heifers above the reduced numbers of a year ago, at which date there were almost six dairy cows on farms for every yearling heifer being raised for milk purposes. Since the number of heifers is low in comparison with the number of dairy cows and is insufficient for normal replacements, numbers of dairy cows can be increased during the next two years only by retaining the older or less productive cows, including those not ordinarily kept for milking.

The Corn Belt pig crop of 1926 was not more than 1 per cent larger than in 1925. Cholera losses took a comparatively heavy toll, especially from the spring crop. The number of these losses over normal is estimated to have been sufficient to reduce the number of hogs available for market during the 1926-27 season at least 3 per cent.

Sheep numbers continued to increase during 1926. This increase was largely in breeding stock, represented by ewe lambs kept for breeding.

AVERAGE PRICES OF FARM PRODUCTS RECEIVED BY PRODUCERS

.Actual prices received by producers at local farm markets as reported to the Division of Crop and Livestock Estimates of this bureau. Average of reports covering the United States, weighted according to relative importance of district and State.

	5-year average, August, 1909- July, 1914	Decem- ber av- erage, 1910- 1914	Decem- ber, 1925	Novem- ber, 1926	Decem- ber, 1926
Cotton, per lb.....cents--	12. 4	12. 2	17. 4	11. 0	10. 0
Corn, per bu.....do----	64. 2	57. 7	70. 7	66. 0	64. 5
Wheat, per bu.....do----	88. 4	86. 7	153. 7	123. 6	122. 8
Hay, per ton.....dollars--	11. 87	11. 99	13. 40	13. 22	13. 47
Potatoes, per bu....cents--	69. 7	62. 3	201. 5	141. 3	137. 0
Oats, per bu.....do----	39. 9	38. 3	39. 1	39. 8	41. 1
Beef cattle, per 100 lbs. -----dollars--	5. 22	4. 93	6. 18	6. 32	6. 42
Hogs, per 100 lbs....do----	7. 23	6. 93	10. 51	11. 45	10. 97
Eggs, per dozen....cents--	21. 5	29. 6	48. 1	44. 9	47. 6
Butter, per lb.....do----	25. 5	28. 3	46. 0	43. 5	45. 5
Butterfat, per lb...do-----			47. 6	44. 8	47. 9
Wool, per lb.....do----	17. 7	18. 6	39. 5	31. 6	30. 1
Veal calves, per 100 lbs. -----dollars--	6. 75	6. 74	9. 11	9. 54	9. 44
Lambs, per 100 lbs....do----	5. 91	5. 92	12. 67	11. 11	10. 92
Horses.....dollars--	142. 00	137. 00	74. 00	75. 00	73. 00

Cotton prices continued to decline in the local country markets until on December 15 the price received by growers averaged 9.8 cents per pound in the South Central States and 10.7 cents in the South Atlantic States, as compared with 10.8 cents and 11.3 cents on November 15. The average farm price of cotton for the United States was 10 cents on December 15, or 1 cent lower than the month previous. A part of this decline was due to the lower quality of the cotton being sold. Market prices of middling cotton strengthened materially from a December 3 price for 10 markets of 11.40 cents to 12.03 cents on December 22.

Corn and hogs both registered further declines in farm prices from November 15 to December 15; these declines are to be expected at this season of the year. The farm price of oats was higher on December 15 than at any time since July, 1925. Hay prices have continued to rise since late summer and on December 15 were slightly higher than for any time since July, 1924. Advances in the farm prices of butter and eggs were largely seasonal. The farm price of potatoes failed to hold the gains made in November.

PRICE INDEXES FOR DECEMBER, 1926

Farm products figures from this bureau; commodity groups from Bureau of Labor Statistics (latter shown to nearest whole number). Shows year ago and latest available month.

FARM PRODUCTS

[Prices at the farm; August, 1909–July, 1914=100]

	December, 1925	November, 1926	December, 1926	Month trend
Cotton.....	140	89	81	Lower.
Corn.....	110	103	100	Do.
Wheat.....	174	140	139	Do.
Hay.....	113	111	114	Higher.
Potatoes.....	289	203	197	Lower.
Beef cattle.....	119	122	123	Higher.
Hogs.....	145	158	152	Lower.
Eggs.....	224	209	221	Higher.
Butter.....	180	171	178	Do.
Wool.....	222	178	169	Lower.

COMMODITY GROUPS

[Wholesale prices; 1910–1914=100 ¹]

	Decem- ber, 1925	Novem- ber, 1926	Decem- ber, 1926	Month trend
Farm products.....	152	135	135	Unchanged.
Food, etc.....	156	150	150	Do.
Cloths and clothing.....	191	173	172	Lower.
Fuel and lighting.....	203	221	212	Do.
Metal and metal products.....	139	136	135	Do.
Building materials.....	182	179	178	Do.
Chemicals, etc.....	133	127	127	Unchanged.
House-furnishing goods....	172	165	165	Do.
All commodities.....	159	151	150	Lower.

¹ Bureau of Labor Statistics index numbers converted to 1910–1914 base.

RELATIVE PURCHASING POWER

[At December, 1926, farm prices; August, 1909–July, 1914=100]

In terms of—	Of a unit of—				
	Cotton	Corn	Wheat	Hay	Potatoes
All commodities.....	54	67	93	76	131
Cloths, etc.....	47	58	81	66	114
Fuel, etc.....	38	47	65	53	93
Metals, etc.....	60	75	103	84	146
Building materials.....	45	56	78	64	111
House-furnishing goods....	49	61	84	69	119

In terms of—	Of a unit of—				
	Beef cattle	Hogs	Eggs	Butter	Wool
All commodities.....	82	101	148	119	113
Cloths, etc.....	72	88	129	104	98
Fuel, etc.....	58	71	104	84	80
Metals, etc.....	92	112	164	132	126
Building materials.....	69	85	124	100	95
House-furnishing goods....	75	92	134	108	103

The only notable change in exchange position of the representative crops during December was a decline of 5 points in the purchasing power of cotton.

Among the livestock products, hogs declined 4 points and wool 5 points. Eggs and butter showed some seasonal improvement in price position.

The important livestock products listed here are all above the pre-war parity of exchange except beef cattle and all stand at substantial advantage as compared with relative prices of feed crops.

In general, agriculture enters the new season with its important cash and feed crops selling at low prices (excepting potatoes), while the leading livestock products are relatively much higher. Presumably this fact will be reflected in the year's program of production. There will be a strong tendency to increase the acreage of potatoes and to somewhat expand dairy and poultry production, while the reverse will be true of cotton and corn.

The general index of purchasing power of farm products in terms of nonagricultural commodities remained at 80 during December, the 5 pre-war years being considered as 100. The disparity between average prices of farm products and the level of industrial wages and costs is greater than a year ago, a fact partly due to the slump in cotton, grain, and fruit prices.

GENERAL BUSINESS INDICATORS RELATED TO AGRICULTURE

	1925, December	1926, November	1926, December	Month's trend
PRODUCTION				
Pig iron daily (thousand tons)----	105	108	100	Decrease.
Bituminous coal (million tons)----	53	60	58	Do.
Steel ingots (thousand long tons)-	3, 971	3, 722	3, 472	Do.
CONSUMPTION				
Cotton by mills (thousand bales) --	576	584	605	Increase.
Unfilled orders Steel Corporation (thousand tons)-----	5, 033	3, 807	3, 961	Do.
Building contracts (million dollars)-	443	421	481	Do.
Hogs slaughtered (thousands)-----	2, 776	2, 219	2, 441	Do.
Cattle slaughtered (thousands)---	1, 248	1, 326	1, 136	Decrease.
Sheep slaughtered (thousands)-----	840	932	934	Increase.
MOVEMENTS				
Bank clearings (New York) (billion dollars)-----	27	22	27	Increase.
Car loadings (thousands)-----	3, 700	4, 272	3, 780	Decrease.
Mail-order sales (million dollars)--	53	48	53	Increase.
Employees, New York State fac- tories (thousands)-----	516	500	495	Decrease.
Average price 25 industrial stocks (dollars)-----	178	172	179	Increase.
Interest rate (4-6 months' paper, New York)-----	4. 38	4. 44	4. 38	Decrease.
Retail food price index (Depart- ment of Labor) ¹ -----	166	162	162	Same.
Wholesale Price Index (Depart- ment of Labor) ¹ -----	156	148	147	Lower.

¹ 1913=100.

There has been, of course, some seasonal decline in production within certain lines. Production may have passed a peak in automobiles and buildings. On the other hand, cheap cotton has stimulated the textile industry. Interest rates continue low. Employment conditions indicate labor becoming slightly more plentiful rather than that there is any increased bidding for labor. Nevertheless, the general situation this winter has been one of active industry, full employment, and urban prosperity. Most observers expect this to continue in fair degree this year though the possibility of business recession is put forward in most forecasts.

There is little as yet in the industrial outlook which appears to have any great significance as affecting the plans of farmers. There is little likelihood, however,² that the domestic community is going to offer a much better market for farm products than it has done this past year.

Data on this page, excepting livestock slaughter and price indexes, are from the "Survey of Current Business," Bureau of the Census, U. S. Department of Commerce.

GENERAL TREND OF WAGES AND PRICES

[1910-1914=100]

Year and month	General wage level ¹	Farm wages ²	Retail price of food ³	Wholesale price of food ³	Wholesale price all commodities ⁴
1910.....		97	96	100	103
1911.....		97	95	96	95
1912.....		101	101	103	101
1913.....		104	103	99	102
1914.....	⁵ 100	101	106	101	100
1915.....	101	102	104	104	103
1916.....	114	112	117	120	129
1917.....	129	140	151	166	180
1918.....	160	176	174	187	198
1919.....	185	206	192	205	210
1920.....	222	239	210	218	230
1921.....	203	150	158	143	150
1922.....	197	146	146	137	152
1923.....	214	166	151	143	156
1924.....	218	166	150	143	152
1925.....	223	168	160	156	162
1925					
January.....	223	156	159	159	163
February.....	220		156	156	164
March.....	224		156	158	164
April.....	218	163	155	153	159
May.....	221		156	152	158
June.....	220		160	154	160
July.....	220	170	165	156	163
August.....	222		165	158	163
September.....	223		164	159	163
October.....	225	173	167	157	160
November.....	226		172	159	160
December.....	229		171	156	159
1926					
January.....	229	159	169	155	159
February.....	225		166	152	158
March.....	229		165	150	154
April.....	227	166	167	152	154
May.....	226		166	153	154
June.....	228		165	156	155
July.....	227	174	162	153	153
August.....	227		161	150	152
September.....	231		163	151	153
October.....	231	176	165	151	152
November.....	230		167	150	151
December.....	232		167	150	150

¹ Average weekly earnings, New York State factories.² Index based on both monthly and daily wages.³ Bureau of Labor Statistics index numbers converted to 1910-1914 base.⁴ Bureau of Labor Statistics.⁵ June.

NEW INDEX OF GENERAL TREND OF PRICES

[On five-year base; August, 1909–July, 1914=100]

Year and month	Index numbers of farm prices							Wholesale prices of nonagricultural commodities ¹	Relative purchasing power of farmer's product ²
	Grains	Fruits and vegetables	Meat animals	Dairy and poultry products	Cotton and cottonseed	Unclassified	All groups, 30 items		
1910-----	104	91	103	101	113	102	103	102	101
1911-----	96	106	87	95	101	103	95	96	99
1912-----	106	110	95	103	87	106	99	100	99
1913-----	92	92	108	100	97	94	100	105	95
1914-----	103	100	112	101	85	95	102	97	105
1915-----	120	83	104	99	78	95	100	101	99
1916-----	126	123	120	106	119	100	117	138	85
1917-----	217	202	173	133	187	130	176	182	97
1918-----	226	162	202	160	245	157	200	188	107
1919-----	231	189	206	182	247	162	209	199	105
1920-----	231	249	173	197	248	152	205	241	85
1921-----	112	148	108	151	101	90	116	167	69
1922-----	105	152	113	135	156	94	124	168	74
1923-----	114	136	106	147	216	109	135	171	79
1924-----	129	124	109	137	211	100	134	162	83
1925-----	156	160	139	143	177	92	147	165	89
1926-----	129	189	146	141	122	88	136	161	85
December—									
1921-----	88	165	91	163	131	82	115	161	72
1922-----	111	104	107	161	195	103	131	175	75
1923-----	108	114	98	166	253	98	137	162	85
1924-----	155	110	113	158	176	102	139	163	85
1925-----	140	194	136	163	139	92	143	165	87
1926-----									
January-----	143	214	140	153	138	87	143	165	87
February-----	140	218	146	144	142	87	143	164	87
March-----	133	220	147	137	133	85	140	162	87
April-----	131	253	146	133	135	83	140	160	88
May-----	131	240	148	131	130	82	139	160	87
June-----	130	216	154	130	132	81	139	160	87
July-----	125	195	152	131	126	85	136	159	85
August-----	128	166	144	130	130	89	133	160	83
September-----	121	136	148	139	134	93	134	161	83
October-----	123	136	148	144	94	97	130	160	81
November-----	121	142	142	157	88	97	130	161	80
December-----	120	137	140	161	81	91	127	158	80

¹ Computed by Bureau of Labor Statistics from wholesale prices of all commodities except those from United States farms. 1910–1914=100.

² The value of a unit of the farmer's product in exchange for nonagricultural products at wholesale prices, compared with pre-war values. Obtained by dividing index of all groups (30 items) by the index of the wholesale prices of nonagricultural products.

THE TREND OF MOVEMENT TO MARKET

Figures show wheat, corn, hogs, cattle, sheep receipts at primary markets; butter receipts at five markets, compiled by this bureau. All figures given to nearest thousand; that is, three ciphers omitted.

Month	Receipts					
	Wheat	Corn	Hogs	Cattle	Sheep	Butter
	<i>Thousand bushels</i>	<i>Thousand bushels</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousand pounds</i>
Total--						
1920-----	332, 314	210, 332	42, 121	22, 197	23, 538	402, 755
1921-----	435, 606	340, 908	41, 101	19, 787	24, 168	468, 150
1922-----	413, 106	378, 598	44, 068	23, 218	22, 364	526, 714
1923-----	386, 430	271, 858	55, 330	23, 211	22, 025	545, 380
1924-----	482, 007	278, 719	55, 414	23, 695	22, 201	587, 477
1925-----	346, 381	223, 604	43, 929	24, 067	22, 100	574, 489
December--						
1920-----	30, 780	18, 276	4, 200	1, 395	1, 566	21, 573
1921-----	21, 616	42, 639	3, 931	1, 417	1, 664	30, 839
1922-----	46, 002	38, 145	5, 004	1, 825	1, 516	32, 334
1923-----	28, 756	37, 930	5, 825	1, 810	1, 526	34, 888
1924-----	33, 076	29, 239	6, 604	2, 083	1, 605	33, 155
1925-----	33, 670	32, 587	4, 380	2, 056	1, 608	36, 199
1926						
January-----	19, 076	28, 268	4, 304	1, 840	1, 548	39, 424
February-----	15, 923	25, 718	3, 372	1, 551	1, 486	39, 507
March-----	15, 052	20, 080	3, 579	1, 811	1, 695	46, 077
April-----	13, 458	12, 589	3, 135	1, 711	1, 502	45, 501
May-----	15, 260	11, 972	3, 037	1, 894	1, 717	54, 464
June-----	18, 505	23, 912	3, 143	1, 871	1, 913	75, 951
July-----	68, 200	13, 353	2, 854	1, 821	1, 739	68, 393
August-----	67, 952	11, 513	2, 804	1, 997	2, 277	50, 476
September-----	46, 266	13, 740	2, 816	2, 397	3, 279	44, 761
October-----	35, 124	28, 613	3, 261	2, 674	3, 090	38, 166
November-----	28, 229	22, 587	3, 554	2, 460	1, 917	34, 180
December-----	19, 831	22, 528	3, 910	1, 846	1, 706	36, 054

The December movement of both wheat and corn to market was relatively light, a fact probably due both to the grain situation and to bad roads and weather.

The light receipts of hogs and the rather light movement of cattle undoubtedly reflect the production situation in both lines. It is necessary to go back to 1921 to find a December movement of hogs as light as this year. Sheep receipts, on the other hand, were relatively heavy, reflecting the increased production.

Approximately the same amount of butter went to market in December as in same month last year.

THE TREND OF EXPORT MOVEMENT

[Compiled from the Department of Commerce reports by Division of Statistical Research of this bureau]

Month	Wheat, ¹ including flour	Tobacco (leaf)	Bacon, ² hams, and shoulders	Lard	Total ³ meats	Cotton ⁴ (run- ning bales)
Total—	<i>1,000 bushels</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 bales</i>
1920.....	311, 601	467, 662	821, 922	612, 250	1, 043, 500	6, 111
1921.....	359, 021	515, 353	647, 680	868, 942	786, 280	6, 385
1922.....	235, 307	430, 908	631, 452	766, 950	733, 832	6, 015
1923.....	175, 190	74, 500	828, 890	1, 035, 382	958, 472	5, 224
1924.....	241, 454	546, 555	637, 980	944, 095	729, 832	6, 653
1925.....	138, 786	468, 469	467, 459	688, 829	547, 361	8, 362
December—						
1920.....	30, 377	45, 391	83, 276	90, 080	101, 088	785
1921.....	15, 217	38, 772	36, 848	64, 542	42, 242	635
1922.....	16, 728	36, 954	65, 642	78, 596	76, 830	605
1923.....	13, 358	49, 269	76, 263	98, 578	89, 887	834
1924.....	24, 616	44, 384	33, 788	76, 803	43, 113	1, 053
1925.....	8, 437	68, 378	40, 277	68, 840	46, 537	974
1926						
January.....	5, 587	46, 891	46, 654	76, 670	53, 833	735
February.....	4, 742	47, 147	37, 187	65, 356	45, 292	545
March.....	7, 039	36, 167	34, 133	64, 259	40, 641	512
April.....	6, 452	43, 388	31, 410	63, 160	37, 947	506
May.....	12, 558	27, 431	30, 104	58, 154	35, 197	412
June.....	11, 210	30, 762	23, 861	56, 482	29, 959	339
July.....	19, 811	29, 760	22, 457	45, 879	28, 221	356
August.....	35, 774	26, 263	29, 090	54, 273	34, 762	385
September.....	31, 031	38, 319	26, 927	61, 577	33, 843	789
October.....	24, 098	53, 129	23, 873	46, 988	30, 384	1, 359
November.....	20, 545	49, 136	22, 384	43, 488	30, 177	1, 475
December.....	15, 301	50, 375	23, 503	62, 690	28, 746	1, 504

¹ Wheat flour is converted on a basis of 4.7 bushels of grain equal 1 barrel of flour.

² Includes Cumberland and Wiltshire sides.

³ Includes fresh, canned, and pickled beef, bacon, hams, and shoulders; fresh, canned, and pickled pork; fresh mutton and lamb.

⁴ Excludes linters.

COLD STORAGE SITUATION

[January 1 holdings (shows nearest million, six figures omitted)]

Commodity	5-year average	Year ago	Month ago	Jan. 1, 1927
Creamery butter, lbs.....	45	53	64	34
American cheese, lbs.....	44	58	64	54
Case eggs, cases.....	¹ 1, 372	¹ 1, 683	¹ 3, 215	¹ 1, 111
Total poultry, lbs.....	109	112	107	144
Total beef, lbs.....	107	85	86	101
Total pork, lbs.....	563	472	388	476
Lard, lbs.....	50	42	47	49
Lamb and mutton, lbs.....	¹ 3, 646	¹ 1, 820	¹ 3, 166	¹ 4, 519
Total meats, lbs.....	745	616	531	645
Apples, bbls.....	¹ 7, 358	¹ 8, 512	¹ 10, 486	¹ 9, 282

¹ Thousands, or three figures omitted.

The January 1 storage holdings reflected the out-of-storage movement of dairy products which is usual during the month of December. Stocks of butter declined substantially during the month and were somewhat below average. Cheese, while moving out of storage in some volume, still showed stocks heavier than average.

Eggs moved out of storage in fully the usual volume. Stocks remaining were somewhat below average. Dressed poultry stocks increased and are relatively heavy.

The storage supply of both beef and pork showed a seasonal increase during December but stocks of both are below average. Pork stocks are practically the same as last year. Lard stocks are somewhat heavier than last year but are practically at the average figure.

Stocks of lamb and mutton are more than double that in storage a year ago and are now substantially heavier than average.

Apples are in storage in considerable volume.

In so far as the storage situation bears on the general production and price outlook it would seem to lend strength to the position of butter, poultry, and hog producers while it indicates the expansion that has already taken place in the sheep industry.

THE DAIRY SITUATION

Changes in butter prices the past month suggest a rather radical change in the dairy situation, although fundamentally conditions do not seem to be greatly different than they were a month ago, after due allowance is given to the fact that the season is a month nearer to its close. Toward the latter part of December butter prices broke sharply under the influence of imports. The decline amounted to 4 cents, but prices remained at the lower level only a few days when there was a sharp recovery which took values almost up to the original high point. This recovery, however, was of short duration, and January since then has been mostly a month of steady declines, 92-score butter at New York opening at 53 cents and being at present (January 25) quoted at 47½ cents. A drop in butter prices during January is not unusual, so that this month's trend loses some of the significance it might otherwise have, but while the average tendency for the month is downward, advances have occasionally occurred. Such was the case in January of last year.

The probable course of butter prices during the next month is more or less uncertain, although with all dairy products occupying a strong statistical position, it would not be surprising if prices responded accordingly. Receipts of butter at the four principal markets the first three weeks of January were 10 per cent lighter than during the same period last year, being some indication of what current production must be, and storage stocks of butter are already as low as they were last year on the first of March. With lessened probability of imports, current production and storage reserves constitute sole domestic supplies, and both are below last year. Average prices for February, 1926 and 1925, also were practically the same as January prices these two years. One significant change has occurred the past month in butter prices, and that is a material narrowing of the range between top grades and lower grades, indicating that recent shortages applied mostly to the former. The difference between 92 and 89 score prices has recently been as small as 1½ cents, whereas during December differences as great as 6½ cents occurred.

The general tone of cheese and condensed milk markets is also firm. Receipts of cheese at warehouses in the American cheese districts of Wisconsin are almost 15 per cent less since the first of the year than they were during January, 1926. Storage stocks of cheese are also practically 15 per cent below those of a year ago. Cheese prices are averaging a cent higher than in January, 1926. Condensed-milk production continues to run lighter than a year ago, and stocks in manufacturers' hands of 101,000,000 pounds are some 42,000,000 pounds below the January 1 five-year average. With the exception of January 1, 1923, these stocks are the lightest on record since such information became available in 1920. January fluid-milk markets show practically no change from a month ago, nor do prices on the whole differ greatly from those of a year ago. Milk markets have shared in the lighter production which has affected dairy markets in general.

In view of the foregoing, it may be said again this month that the dairy situation is generally firm.

L. M. DAVIS,
Division of Dairy and Poultry Products, B. A. E.

DAIRY SITUATION

[Thousand pounds, i. e., 000 omitted]

BUTTER SUMMARY

	December			Jan. 1 to Dec. 31		
	1926	1925	Per cent change	1926	1925	Per cent change
Production:						
Creamery ² -----	88, 137	91, 136	- 3. 3	1, 345, 389	1, 361, 526	- 1. 2
Farm-----	36, 424	37, 052	- 1. 7	580, 000	590, 000	- 1. 7
Total-----	124, 561	128, 188	- 2. 8	1, 925, 389	1, 951, 526	- 1. 4
Net imports-----	2, 190	159	-----	2, 546	1, 869	-----
In storage (1st)-----	64, 381	74, 754	-----	52, 785	65, 694	-----
In storage (end)-----	34, 355	52, 785	-----	34, 355	52, 785	-----
Trade output-----	156, 777	150, 316	+ 4. 3	1, 946, 365	1, 966, 304	- 1. 0
Milk equivalent-----	3, 292, 317	3, 156, 636	+ 4. 3	40, 873, 665	41, 292, 384	- 1. 0
Receipts ⁴ markets (gross)-----	41, 094	40, 818	+ 0. 7	651, 813	652, 809	- 0. 2

CHEESE SUMMARY

Production ¹ -----	22, 753	24, 566	- 7. 4	417, 728	443, 514	- 5. 8
Net imports-----	9, 678	5, 931	-----	74, 518	53, 213	-----
In storage (1st)-----	80, 184	84, 561	-----	76, 649	67, 558	-----
In storage (end)-----	71, 920	76, 649	-----	71, 920	76, 649	-----
Trade output-----	40, 695	38, 409	+ 6. 0	496, 975	487, 636	+ 1. 9
Milk equivalent-----	406, 950	384, 090	+ 6. 0	4, 969, 750	4, 876, 360	+ 1. 9
Receipts Wisconsin warehouses-----	13, 157	15, 574	- 15. 5	264, 135	281, 663	- 6. 2

CONDENSED AND EVAPORATED MILK SUMMARY

Production ² -----	102, 908	110, 298	- 6. 7	1, 727, 567	1, 755, 858	- 1. 7
Net exports-----	9, 948	9, 736	-----	112, 886	143, 141	-----
In manufacturers' hands (1st)-----	137, 532	165, 682	-----	156, 272	123, 428	-----
In manufacturers' hands (end)-----	101, 070	156, 272	-----	101, 070	156, 272	-----
Trade output-----	129, 422	109, 972	+ 17. 7	1, 669, 883	1, 581, 873	+ 5. 6
Milk equivalent-----	323, 555	274, 930	+ 17. 7	4, 174, 708	3, 954, 683	+ 5. 6

TOTAL MILK EQUIVALENT—BUTTER, CHEESE, AND CONDENSED MILK

Production-----	3, 100, 581	3, 213, 353	- 3. 5	48, 929, 367	49, 811, 831	- 1. 8
Trade output-----	4, 022, 822	3, 815, 656	+ 5. 4	50, 018, 123	50, 123, 427	- 0. 2

DRY MILK

Skim milk stock-----	-----	-----	-----	³ 8, 966	⁴ 4, 472	-----
Net imports-----	646	226	-----	1, 781	2, 975	-----

¹ Estimated from receipts at Wisconsin warehouses.³ Jan. 1, 1927.² Estimated from special reports to this bureau.⁴ Jan. 1, 1926.

T. R. PIRTLE,
Division of Dairy and Poultry Products, B. A. E.

THE EGG AND POULTRY SITUATION

The egg markets at the close of January present a different aspect from that of a month earlier. Prices are on a lower level, for one thing, having followed a generally downward course, interspersed with short periods of firm markets and advancing prices. Many of these erratic movements were due to weather conditions, and the cold periods that occurred coincided rather closely with the firm market situations. Comparing the month with the same period of previous years, it is apparent that the market is following the usual January trend, in which prices work downward, but may fluctuate considerably with changes in the weather and other conditions that may affect supply. All together, prices declined about 9 to 10 cents on the leading terminal markets during January. This brought prices slightly below a year previous when the decline was 7 to 8 cents.

Production, if receipts at the larger terminal markets may be taken as a guide, was heavier in January than a year ago. However, the increase is less than 3 per cent, and might easily be accounted for by shipments of eggs stored at interior points earlier in the year. The increase has apparently been confined to the last half of the month, but was sufficient to overbalance the slight decreases of the first half of January.

Storage stocks of shell eggs are being rapidly depleted. On January 1 holdings the country over were 1,111,000 cases, nearly 600,000 cases lighter than a year earlier. Since the first of the month, movement at 26 of the most important storing centers suggests that this shortage has been somewhat but not materially decreased. Trade sources report the more desirable qualities of stored eggs as well cleaned up. The shortage in storage stocks acts, of course, as a strengthening factor on the market, although not to the extent that a similar shortage would have a month or two earlier. Stocks of frozen eggs remain at about the same level as a year ago, being 33,620,000 pounds on January 1.

The outstanding feature of the poultry markets has been the piling up of storage stocks of dressed poultry to a new high level. On January 1 total stocks of poultry were 144,230,000 pounds. The previous high level was reported on February 1, 1925, when stocks reached 138,189,000 pounds. Since January 1 this year, holdings have been on the decrease, indicating that the peak has been passed for this season. This year's peak was apparently reached near the middle of the month, somewhat earlier than a year ago. This may be a reflection of the earlier hatching reported last spring.

Market prices of dressed poultry are slightly below those of the opening of 1926, due, no doubt, to the heavier storage supplies this year. However, the market situation is regarded as steady, and prices of all classes, with the possible exception of chickens, are generally being maintained. The live poultry market has seen values work to slightly lower levels. Supplies have been fairly heavy, but are now reported as cleaning up well. At the close of January the situation appears moderately strong, but the live poultry market is subject to wide fluctuations and the situation prevailing one week may be largely reversed the next.

C. E. ECKLES,
Division of Dairy and Poultry Products, B. A. E.

POULTRY AND EGG SITUATION

[Thousands; i. e., 000 omitted]

STOCKS IN STORAGE, JANUARY 1, 1927—UNITED STATES

	Shell eggs	Frozen eggs	Dressed poultry
	<i>Cases</i>	<i>Pounds</i>	<i>Pounds</i>
1927-----	1, 111	33, 620	144, 230
1926-----	1, 683	33, 905	111, 501
Change-----	-572	-285	+32, 729
Per cent-----	-34. 0	-0. 8	+29. 4
Per cent change from 5-year average-----	-19. 0	+30. 0	+32. 9

IMPORTS AND EXPORTS OF POULTRY AND EGGS, JANUARY 1-DECEMBER 31, 1926

	Imports		Exports	
	1926	1925	1926	1925
Shell eggs-----dozens--	298	609	26, 634	24, 999
Whole eggs, dried-----pounds--	677	1, 455		
Whole eggs, frozen-----do-----	9, 392	12, 531		
Yolks, dried-----do-----	4, 398	5, 683		
Yolks, frozen-----do-----	4, 161	5, 802	1 522	1 301
Egg albumen, dried-----do-----	3, 453	4, 189		
Egg albumen, frozen, prepared or pre-served-----pounds--	3, 611	4, 328		
Live poultry-----do-----	1, 908	2, 072	565	712
Dressed poultry-----do-----	6, 027	2, 774	2 3, 406	2 5, 102
Poultry prepared in any manner-----	465	366		

¹ Includes all forms of frozen and dried eggs.² Includes game.

RECEIPTS AND APPARENT TRADE OUTPUT AT FOUR MARKETS—EGGS (CASES)

	December			Jan. 1-Dec. 31		
	Receipts	Net storage movement	Appar-ent trade output	Receipts	Net storage movement	Appar-ent trade output
1926-----	693	-803	1, 496	14, 768	-290	15, 058
1925-----	574	-850	1, 424	14, 798	+209	14, 589
Change-----	+119	-----	+72	-30	-----	+469
Per cent-----	+20. 7	-----	+5. 1	-0. 2	-----	+3. 2

RECEIPTS AND APPARENT TRADE OUTPUT AT FOUR MARKETS—DRESSED POULTRY (POUNDS)

	December			Jan. 1-Dec. 31		
	Receipts	Net storage movement	Appar-ent trade output	Receipts	Net storage movement	Appar-ent trade output
1926-----	75, 228	+27, 447	47, 781	355, 815	+18, 439	337, 376
1925-----	66, 794	+17, 912	48, 882	318, 359	-15, 569	333, 928
Change-----	+8, 434	-----	-1, 101	+37, 456	-----	+3, 448
Per cent-----	+12. 6	-----	-2. 3	+11. 8	-----	+1. 0

THE TOBACCO OUTLOOK

The major factors affecting the tobacco industry in 1927 are those that have been pointed out in previous outlook reports, namely, the world-wide tendency of consumers to adopt the cigarette habit in preference to other forms of tobacco consumption, and the increased foreign competition with which American growers of noncigarette types are confronted. Indications of the continued drift toward cigarettes are unmistakable and are of fundamental significance to tobacco growers. Growers of cigarette tobacco have before them an expanding market (but not one that will stand heavily increased acreage) and no serious foreign competition, whereas the producers of dark-fired and dark air-cured export types are faced with increased foreign competition in a market which itself is undergoing contraction.

The foreign situation exhibits the same tendencies with respect to preferences noticeable in the domestic markets. Exports of flue-cured leaf for manufacture into cigarettes increased materially during 1926. On the other hand, exports of all dark types during 1926 were reduced from the previous year. The foreign production situation indicates that present competition in the dark types will be maintained or increased, particularly in the lower grades. Production abroad of flue-cured tobacco of the American type is negligible except in the Far East and is not expected to increase materially in the near future. The effect of these varying conditions has been to discourage growers in certain sections and to raise growers in the favored sections to heights of optimism which may lead to serious overproduction.

The producers of cigar leaf in some sections are in a better market position than they have been for several years past, but in the main there is need for still further readjustment between supply and demand. While cigar consumption is still low, developments indicate that the foundations of rehabilitation of the cigar industry are being laid.

Flue-cured.—From the standpoint of supply it is in the most favorable position of all American types. Exports and domestic cigarette manufactures are on an increasing scale, and the consumption during 1926 was greater than in any previous year. All present evidence points to a continuation of the upward trend in consumption of cigarettes, both in this country and abroad, in 1927. Great Britain and China, the largest foreign consumers of this leaf, both increased their takings in 1926.

The trade with China was carried on last year in spite of serious revolutionary disturbances, which have not as yet appeared to affect the importations of tobacco, but these conditions are nevertheless a factor of uncertainty that may prove of increasing concern.

The great danger in the flue-cured situation is that growers may be led into serious overproduction in 1927. The prices paid for leaf tobacco of the 1926 crop in the flue-cured districts have been very much higher than the prices paid for cotton in the same areas. The contrast between the exceptionally good returns from tobacco and the losses incurred in cotton production is striking, and the probability is obvious that not only will 1926 tobacco growers increase their acreage in 1927 but that their ranks may be heavily recruited

from among the cotton growers. In other words, it would seem that the stage is set for a landslide from cotton to tobacco in 1927. Any such development on a large scale could have only one result—utter demoralization of the market for this type of tobacco with its attendant losses to the growers.

Burley.—For several years the Outlook Report has pointed out the dangerous position of Burley tobacco. Disappearance during the five years 1921–1925, inclusive, averaged less than 246,000,000 pounds, while during the same period production averaged 280,000,000 pounds. The production in 1926 is estimated at 312,630,000 pounds, and added to stocks of old leaf on hand October 1 makes the enormous available supply of 778,667,000 pounds. Production in 1926 exceeded consumption by more than 44,000,000 pounds. Exports of Burley, which usually are only six to seven million pounds, are only holding their own.

Continued heavy production of this type, especially on soils unsuitable for the lighter grades, overlooks the manifest fact that the character of the burley outlet has undergone a radical change. Whereas its greatest use in former years was in the manufacture of chewing and pipe tobacco with cigarettes claiming a relatively small proportion of the crop, the present market is conditioned primarily upon the cigarette trade, the manufacture of chewing tobacco having declined to a very marked extent. This decreasing outlet for tobacco of chewing grades appears to be partly responsible for the present great accumulation of stocks. Farmers will do well, therefore, not only to restrict their plantings to soils where experience teaches them that light burley may be produced, but to adopt such cultural methods and plant such varieties as will insure the minimum production of the darker and heavier grades of leaf. It should be emphasized that the total production of Burley tobacco is on too large a scale and should be reduced.

Green River.—The acreage of this type was cut sharply in 1926 and the statistical position has been improved. The available supply of leaf is less than it has been for a number of years, and recent reports indicate that the price is showing some improvement. The stocks on hand October 1 were 51,711,000 pounds, the lowest of any year since 1922, but higher than for any year previous to that. The outlook for 1927 may be considered fair for a crop of about the same size as was produced in 1926.

One Sucker.—The outlook for One Sucker tobacco is extremely discouraging. It is used mainly in the manufacture of plug and twist chewing tobacco and snuff and in the rehandling trade with the west coast of Africa. The disappearance of this type during the year ending October 1, 1926, was the lowest of any year for which statistics are available excepting only 1917. Notwithstanding the fact that production has decreased 40 per cent during the past three years, consumption has decreased to such an extent that accumulated stocks on October 1 were the highest on record. The whole situation is such as to indicate the need for a drastic readjustment of the scale on which this crop is produced.

Virginia sun-cured.—The immediate outlook is favorable provided a slight reduction in acreage is put into effect in 1927. This exclusively chewing type is confronted by a constantly narrowing outlet due to the fact that the chewing habit is decreasing. Production has been on a decreasing scale, particularly since 1918, which year also

marks the beginning of a pronounced decline in the manufacture of chewing tobacco. The acreage was increased about 11 per cent from 1925 to 1926 and in the latter year there was an unexpectedly good yield, resulting in a decline of about 50 per cent in price per pound. Since the present relatively large supply is due in part to the heavy yield per acre in 1926, a radical reduction in acreage does not seem justified.

Maryland.—The market for this type is expanding gradually, although the disappearance is considerably below that of the period immediately following the war. So long as the scarcity of labor continues to be a limiting factor, there appears to be little danger of overproduction. Tobacco of cigarette quality is selling at good prices and the outlook for these grades appears good.

Dark-fired tobacco.—The outlook for the dark-fired tobacco of Kentucky, Tennessee, and Virginia is the most discouraging in recent years. The outlook reports for 1924 and 1925 both called attention to the situation confronting the growers of these types of tobacco. Production has decreased somewhat, particularly in the Paducah district of Kentucky and Tennessee, in spite of which the stocks of dark-fired tobacco in the hands of dealers and manufacturers are increasing steadily, and on October 1, 1926, they were the highest October 1 stocks on record except in 1918 when they were affected by war conditions. In contrast with this, the production in 1926 was about 172,000,000, as compared with 197,000,000 pounds in 1925, 199,000,000 in 1924, and an average of 236,000,000 pounds for the five-year period from 1916 to 1920.

On the demand side two factors stand out as important: First, the foreign production of tobacco has increased in recent years, and much of this tobacco is being used where American dark-fired tobacco was formerly used. This production is being encouraged by present foreign tariff rates. Secondly, foreign as well as domestic consumers are using more cigarettes and relatively less tobacco in other forms. Dark-fired tobacco is perhaps at a greater disadvantage than any other type because of this change in demand. It may be noted, in this connection, that there is a slight improvement in the German market for this type of tobacco.

It now appears that most growers of dark-fired tobacco will receive less than 10 cents per pound for the 1926 crop. With tobacco at less than 10 cents per pound most of these farmers will find it profitable to devote to other enterprises a part of the land and labor now being devoted to tobacco. The undertaking or expansion of alternative enterprises and the improvement of the quality of the tobacco appear to be the only remedies for the present dark-tobacco situation.

CIGAR TOBACCO

Cigar consumption is to some extent cyclical in character. In the past, peaks of wages and employment have usually indicated peaks of cigar consumption. The last such peak was in 1920, following which there was a very severe decline, with a partial and short-lived recovery in 1923. Certain trends within the cigar industry are of especial significance to growers. Cigar consumption in the United States for the first 11 months of 1926 appears to be slightly larger than during the corresponding period of 1925, but is slightly less than in 1924.

While consumption of cigars in class A (5 cents) and class C (more than 8 but not more than 15 cents) is increasing, the increases are in

large part offset by the declining consumption of the intermediate grade, class B (more than 5 but not more than 8 cents).

A further trend is the continued increase in the use of Porto Rican fillers, which to some extent appear to be supplanting Cuban leaf, but probably also are competing with fillers from the Connecticut Valley.

It is probable that some former class B cigars are now in class C. For the most part, however, they have either been abandoned or modified and put in class A, the effect being to raise the average quality of the group. Class A cigars, therefore, are significant chiefly because of their increasing variety and improving quality, by reason of which their competitive strength in relation to cigarettes is greatly enhanced. In place of the short-filler cigars of decidedly mediocre quality, which have represented class A since the war, more and more long-filler cigars of good quality are appearing on the market, priced at 5 cents each. Upon this development more than any other seems to rest the hope for a revival of the cigar industry and the hopes of growers in most of the cigar leaf areas. To properly exploit this field will require the cooperation of growers and manufacturers in the betterment of quality of leaf on the part of the growers, and on the part of both the most intelligent efforts toward reducing production costs. This situation is being helped somewhat by the recent reduction of the internal revenue tax on cigars and by the improvement of machines for manufacturing cigars.

New England.—A condition of oversupply has existed in New England tobacco for several years. Relatively high consumption in 1926 coupled with relatively low production has materially benefited this situation, but the available supply of leaf is still large when compared with 1922 and previous years, and the present improved market situation can easily be dispelled by a return to heavy production. The general situation is such as to suggest that farmers make no increase in acreage in 1927, but rather restrict their plantings to the best soils and strive for betterment of quality. The increasing importance of class C cigars and the decreasing importance of class B cigars may have direct bearing on this point.

The same suggestions apply to the cigar leaf areas in Georgia and Florida.

Wisconsin.—The Wisconsin situation has been improved during the past two years by the reduction of old stocks. Production has been on a lower scale, and that in 1926 was the lowest in many years. The total potential supply on October 1 was 126,553,000 pounds, compared with 155,000,000 pounds, the average of the five preceding years. The improved situation is due to the fact that consumption has been greater than production for several years. The stocks of leaf are still higher than for a long series of years up to and including 1920, and therefore the greatest good will result from a policy of moderate acreage and high quality rather than large acreage and a high proportion of stemming crops.

Pennsylvania and New York.—The principal type of Pennsylvania tobacco is used for fillers in 5-cent cigars. Overproduction was the rule for several years, until 1926, and stocks of leaf are still large. Last year was the first since 1920 that consumption has been equal to or greater than production. Pennsylvania farmers have an exceptional opportunity to reestablish their tobacco market. The outlook is for a continued growth of the 5-cent cigar business, which is their field. To profit from this opportunity, however, will require

first a further restriction of production until the great accumulation of old stocks is materially reduced, and secondly the production of better grades of leaf. The tendency in class A cigars is toward long fillers and pre-war qualities, and the low grades of leaf will be a drug on the market.

The Habana seed of Pennsylvania and New York is of binder type and the production appears to change but little from year to year.

Ohio and Indiana.—In the Miami Valley, depression is great and to some extent unwarranted. Progress has been made in reducing stocks, and the low prices paid for 1926 tobacco were largely due to the poor quality. The same factors discussed under Pennsylvania apply to the Miami Valley, however, and the same general conclusions are drawn. It is recommended that farmers adhere to their policy of moderate acreage, but give especial attention to improving the quality of their crop.

THE GENERAL AGRICULTURAL OUTLOOK

A favorable year for livestock producers is in prospect for 1927, but with an average season a continuation of relatively low returns from most cash crops is probable unless acreages are reduced, according to the annual Agricultural Outlook report for 1927 issued by this bureau.

A summary of the report follows:

Domestic demand for farm products of the 1927–28 season is not likely to be materially different from the present.

Some improvement in the purchasing power of foreign countries for agricultural products of 1927 may be expected, but it is probable that larger foreign production of breadstuffs, fruits, and animal products will reduce foreign demand for our exportable surpluses of these products.

A slightly larger supply of farm labor will probably be available in regions adjacent to industrial centers, and wages may be lower. No material changes in the price of farm machinery and building materials may be expected. Wholesale prices of fertilizer are lower than last year.

Cotton production must be curtailed drastically the coming season to restore the balance between consumption and supply at remunerative prices to growers. With average yields a reduction of about 30 per cent in acreage appears necessary to give growers the best gross returns for the 1927 crop. The chances for profitable production will be best if the acreage is small, costs held to a minimum, and efforts are made to improve the quality of the crop.

Hard spring and durum wheat growers can scarcely expect to receive returns for the 1927 crop similar to those which have prevailed for the 1926 crop, especially if production should be materially increased.

Flaxseed prices for the 1927 crop are unlikely to be higher than at present. Where flax is profitable at present some increase in acreage may be made.

Reports indicate a reduction in the rye area seeded throughout the world, but with average or better than average yields, the production in 1927 may make the total world supply equal to or greater than in the past year, so that rye prices are likely to show little change from the present.

The too rapid expansion of rice acreage has resulted in a production in excess of demand at satisfactory prices. Some reduction in acreage rather than further increase appears advisable.

The demand for the 1927 corn crop is expected to be little if any greater than for the 1926 crop. With probable increases of corn acreage in the South and with no probability of increased demand for corn in 1927, corn growers are faced with the prospect of lower prices unless acreage is substantially reduced.

Oats and barley for feed are unlikely to be in greater demand during the coming year as compared with 1926. The market value will be determined largely by the supply of these and other feed grains.

Hay requirements are not likely to be increased because the number of hay-consuming animals continues to decrease.

Unless livestock production is held at about the present level, allowing for increase in population from year to year, present prices can not be maintained.

With beef cattle marketings in 1927 probably materially less than in 1926, and the demand for beef maintained, prices of slaughter and feeder cattle are expected to average somewhat higher than in 1926. On the whole, cattle prices are expected to continue the upward price swing begun in 1922.

Hog producers have a favorable outlook this year. The market supply of hogs probably will be little if any larger than in 1926, and domestic demand is expected to continue strong. Hog prices are likely to be maintained near the 1926 level. Prices now prevailing can be continued through 1928 only if farmers hold down hog production to the level of the past two years.

Sheep production is expected to continue to increase moderately, and lamb supplies this year may be slightly larger than in 1926. Strong consumptive demand for lamb is expected, but feeder demand may be less active than last year in some sections. The wool market appears firm, with no marked price changes in sight.

The present situation in the mohair market does not warrant further expansion of production at the present time.

The dairy industry is on a stronger basis than a year ago. Dairy-men are likely to have a moderately favorable spread between the price of feed and the price of dairy products.

Egg and poultry producers in most sections of the country may expect a fairly satisfactory year, although perhaps not as profitable as 1926. A moderate increase in egg production and no decrease in poultry marketings is expected.

Horses and mules are in sufficient supply to meet farmers' needs the coming season, but the number of young stock is only large enough to replace about half the number of work stock now on farms. Farmers can not expect to replace their work stock 3 to 10 years from now at the low level of present day horse prices.

Potato growers should guard against the danger of overplanting and keep close watch on acreages being planted in competing States.

Sweet-potato acreage should be increased only by growers who need the increased supply for their own use, who can dispose of the crop on their local markets or who can afford to produce a crop at relatively low prices.

Any increase in cabbage acreage over 1926 is likely to result in increased production with accompanying lower prices.

Onion acreage should be reduced sharply to prevent an excessive market supply. The outlook for the Bermuda type appears fairly good.

Bean acreage should be reduced under last year's area to prevent an excessive supply, varying with the type of bean grown.

The trend of fruit production is upward and expansion of acreage would not be justified except under unusually favorable conditions. However, a crop of fruit as large as that of last year, which was due to the uniformly favorable weather, is not likely to occur very often.

A continuing increase in the volume of both oranges and grapefruit may be expected which makes the outlook unfavorable for additional plantings for some time.

The apple industry is approaching a more stabilized condition but with an average crop, prices will undoubtedly be higher next season. Commercial plantings are hardly justified at present except where local production or market conditions are unusually favorable.

New commercial plantings of peaches should not be undertaken in the southern States since a large number of young trees have not yet come into bearing and production is rapidly increasing.

Grape production is expected to continue heavy, and new vineyards should not be set out except where conditions are extremely favorable.

Strawberry returns per acre, with average yields, in 1927 probably will be considerably less than the average for the past two years. Acreage has increased considerably and caution should be exercised by growers who contemplate increasing acreage this spring.

Cantaloupe acreage should be cut in the early shipping region, and the same acreage as last year or a slight reduction be effected in the mid-season and late shipping States.

Watermelon acreage should be reduced in 1927 in order to prevent a repetition of the generally unsatisfactory prices received last season as a result of extremely heavy production.

Peanut acreage of the large-podded variety the same as last year is likely to mean another year of unsatisfactory prices to growers. As much as 25 per cent more land might be planted to the small and medium-podded types than in 1926 with prospects reasonably satisfactory, although lower market prices.

Red and alsike clover seed production should be increased because of depleted stocks and likelihood of high prices next fall. The area of alfalfa and sweet clover for seed should not be increased, as present production is more than ample to take care of requirements.

Tobacco of the cigarette types is in increasing demand, but not sufficient to stand heavily increased acreage. Producers of dark-fired and dark air-cured export types are faced with increased foreign competition in a contracting market. Growers in the flue-cured region should guard against overproduction. Quality rather than quantity production is needed in the cigar-leaf districts.

Sugar prices seem to be trending toward higher levels, with world production below that of last year and increasing consumption. Growers in well established sugar beet districts where adequate yields can be expected will probably find it advantageous to increase acreage up to factory capacity if satisfactory contracts can be secured.

CONDITIONS IN TEXAS

Good weather during the early part of January favored the gathering of cotton and the preparation of land for this year's operations. Mostly low-grade cotton remains in the fields, and this is being snapped or sledded; nearly all has now been gathered and ginning

is progressing rapidly. Very few have availed themselves of the opportunity to store offered by the Cotton Finance Corporation, however, a considerable amount is being held by growers who are financially able to do so.

The cotton acreage for 1927 is still in doubt, and very little of definite value can be reported until July. Much new land is being brought into cultivation, particularly in the south and west, which probably will largely be planted to cotton as in other years. In localities, landowners are finding difficulty in securing suitable tenants and little land has been prepared for planting; in others tenants are experiencing trouble in securing financial aid for making another crop. Many Mexican renters have returned to Mexico, and discouraged farmers have moved into the towns in considerable numbers. Even with a production of 1,700,000 bales more than in 1925, the Texas cotton crop lacks \$60,000,000 of equaling last year's farm value.

A larger wheat acreage than in any year since 1919 has been sown, and fall oats have been seeded more extensively than in many years. Both of these crops have done very well under the favorable soil and weather conditions which have prevailed and promise good returns. There is much old corn on hand, and the new crop in the southern counties will be ready the latter part of May. The expected reduction in cotton acreage combined with an increasing production of swine will no doubt cause an expansion of the corn acreage this season.

Rice growers are still holding a large part of the 1926 production. The large sweet-potato and citrus crops are moving freely, and this season's cabbage and spinach are being shipped in large quantities. Early potatoes, green peas, and lettuce are also being marketed. The large pecan crop in many years was gathered.

Livestock prices have continued at a relatively high level, and pastures and feed are ample to carry the stock through the winter in good shape. The 1927 spring wool clip is now being contracted. Total receipts at the Fort Worth stockyards were less than during 1925, cattle and calves showing a decrease of 190,000 head, swine 95,000, horses and mules 7,000, while sheep receipts increased 131,000 head. A large turkey crop of approximately 1,500 carloads was marketed at satisfactory prices, and egg and poultry production exceeded that of the year before.

General business conditions continued fair to good over most of the State, somewhat better over the western half than the eastern. Loss in cotton values had its effect upon the lowering of charges to depositors' accounts. While collections have been better in the cities than in the rural districts, conditions are not so bad as expected a few months ago. December building permits in the larger cities showed some increase over November but lacked almost \$2,000,000 of equaling December, 1925. Oil production and development remain at a high level, 543 producers having been brought in during December. Dry-goods retailers are limiting their orders, and farm-machinery sales have fallen except in the areas where new lands are being put into cultivation. Lumber production and shipments are lighter than usual. Skilled labor has steady employment, but a surplus exists in other kinds.

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